EXPLANATORY MEMORANDUM TO
THE TAX CREDITS (SETTLEMENT OF APPEALS) REGULATIONS 2014

2014 No. 1933

1. This explanatory memorandum has been prepared by HM Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

2. Purpose of instrument

21. The purpose of this statutory instrument is to apply, as modified, provisions of the Taxes Management Act 1970, so that tax credit appeals can be settled by agreement between HMRC and the appellant with no need for a determination by a tribunal.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Content

4.1 The Tax Credits Act 2002 provides for a right of appeal against decisions on tax credits. Separately, the Taxes Management Act 1970 contains general administrative provisions relating to appeals. This instrument applies (with modifications), section 54 of the Taxes Management Act to tax credit appeals. As a result, the Commissioners for Her Majesty's Revenue and Customs and the tax credit appellant can agree to settle an appeal without the need for a determination by the First-tier Tribunal in Great Britain.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 When the functions of a range of tribunals, including tax tribunals, were transferred to the First-tier Tribunal, a number of changes were made to the appeals legislation including the provisions which apply to tax credit appeals in section 63 of the Tax Credit Act 2002. As a result of those changes, HMRC lost the ability to settle tax credit appeals with appellants by agreement under section 54 Taxes Management Act.

7.2 These Regulations make consequential modifications to section 54 to reflect their application in tax credit appeals and in doing so, allow HMRC to settle an appeal by agreement with the appellant.

Consultation

7.3 None.

8. Consultation outcome

8.1. There is no statutory requirement to consult on these Regulations. However, the Social Security Advisory Committee (SSAC) will consider these regulatory changes under its Memorandum of Understanding with HMRC at its meeting on 23 July.

9. **Guidance**

9.1 The provisions of these amending Regulations will be reflected in the Tax Credits Technical Manual. This is available on the HMRC website at www.hmrc.gov/taxcredits/manuals/tctmanual/index.htm.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is negligible.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 These changes are mainly consequential and technical and do not require further review.

13. Contact

13.1 Jacqueline Latter at HMRC Tel. 03000 586748 or email: Jacqueline.latter@hmrc.gsi.gov.uk can answer any queries regarding the instrument.